



#34675

**TO: ALL CLEARING MEMBERS**

**DATE: MAY 23, 2014**

**SUBJECT: NATIONAL OILWELL VARCO, INC. - DISTRIBUTION**  
**OPTION SYMBOLS: NOV/1NOV/2NOV**  
**NEW SYMBOLS: NOV1/1NOV1/2NOV1**  
**FUTURES SYMBOLS: NOV1C/NOV1D**  
**NEW SYMBOLS: NOV2C/NOV2D**  
**DATE: 6/2/14**  
**\*\*\* UPDATE \*\*\***

**CONTRACT ADJUSTMENT - OPTIONS**

**EFFECTIVE DATE:** June 2, 2014

**OPTION SYMBOLS:** NOV changes to NOV1  
1NOV changes to 1NOV1  
2NOV changes to 2NOV1

**STRIKE PRICES:** No Change

**NUMBER OF CONTRACTS:** No Change

**MULTIPLIER:** 100 (e.g., a premium of 1.50 yields \$150; a strike of 75 yields \$7,500)

**NEW DELIVERABLE PER CONTRACT**

- 1) 100 National Oilwell Varco, Inc. (NOV) Common Shares
- 2) 25 NOW Inc. (DNOW) Common Shares

**SETTLEMENT ALLOCATION:**

<b>NOV:</b>	<b>90%</b>
<b>DNOW:</b>	<b>10%</b>

**CUSIPS:**

NOV:	637071101
DNOW:	67011P100

THE SETTLEMENT ALLOCATION OF THE TOTAL STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

**PRICING**

The underlying price for NOV1 will be determined as follows:

$$\text{NOV1} = \text{NOV} + 0.25 (\text{DNOV})$$

### **CONTRACT ADJUSTMENT - FUTURES**

EFFECTIVE DATE:	June 2, 2014
FUTURES SYMBOLS:	NOV1C changes to NOV2C NOV1D changes to NOV2D
SETTLEMENT PRICES:	No Change
NUMBER OF CONTRACTS:	No Change
MULTIPLIER:	100 (e.g., a premium of 1.50 yields \$150)
NEW DELIVERABLE PER CONTRACT	1) 100 National Oilwell Varco, Inc. (NOV) Common Shares 2) 25 NOW Inc. (DNOV) Common Shares
SETTLEMENT ALLOCATION:	<b>NOV: 90%</b> <b>DNOV: 10%</b>
CUSIPS:	NOV: 637071101 DNOV: 67011P100

THE SETTLEMENT ALLOCATION IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

### **PRICING**

The underlying price for the NOV2C/NOV2D Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{NOV2C} = \text{NOV} + 0.25 (\text{DNOV})$$

Please note that the valuation would apply only to the NOV2C/NOV2D deliverables in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

### **BACKGROUND**

National Oilwell Varco, Inc. (NOV) has announced a distribution of NOW Inc. (DNOV) Common Shares. The distribution ratio is 0.25 for each NOV share held. The record date is May 22, 2014; the mail date is May 30, 2014. The New York Stock Exchange (NYSE) has set June 2, 2014, as the ex-distribution date for this distribution.

NOW Inc. Common Shares began trading on a when issued basis on May 20, 2014 on New York Stock Exchange under the trading symbol DNOV.

## **DISCLAIMER**

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

Questions regarding this memo can be addressed to Member Services at (800) 544-6091. Within Canada call (800) 424-7320.

CATEGORY:           CONTRACT ADJUSTMENT